GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:3096
ANSWERED ON:21.03.2007
TRANSFER OF CENTRAL ASSISTANCE TO STATES
Vijay Krishna Shri

Will the Minister of PLANNING be pleased to state:

(a) the basis of transfer of Central assistance to the Annual Plans of the States;

(b) the rationale for considering the chosen criteria/formula including the year in which the said criteria/formula was formulated;

(c) whether any State has requested for revision of the formula or for inclusion of other parameters for the purpose;

(d) if so, the details thereof; and

(e) the action taken by the Union Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

(a) & (b): The allocation of Central Assistance from Centre to States for the Annual Plans of States comprises of Normal Central Assistance (NCA), Additional Central Assistance for Externally Aided Projects (EAPs) and Additional Central Assistance (ACA) for special and other programmes. Allocation of NCA is based on the Gadgil-Mukerjee Formula as approved by the National Development Council (NDC) in December 1991. Gadgil-Mukerjee Formula takes into account, inter alia, population, per capita income, performance of tax effort, fiscal management and progress in respect of national objectives specifically in the area of population control, elimination of illiteracy, on-time completion of EAPs and land reforms. Allocation for EAPs and special and other programmes are based on the relevant guidelines and criteria which are specific for each of these programmes.

(c) to (e): In the 51st Meeting of the National Development Council (NDC), the State of Rajasthan suggested that Gadgil Formula may be revised by giving weightage to the geographic area, index of infrastructure development and percentage of SC/ST population. A change in the criteria for allocation of Central Assistance requires the approval of the NDC. There is no proposal at present to change the criteria for allocation of Central Assistance to States.